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# FARM DOLLARS IN SOUTH
# SPEED INDUSTRIES IN NORTH

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Increased farm purchasing power resulting from the agricultural adjustment program and other recovery measures is restoring the farm market for industrial goods and is revitalizing communities and regions dependent upon agriculture for their prosperity, Chester C. Davis, Administrator of the Agricultural Adjustment Act, said today in making public the ~~results of a~~ study of shipments of manufactured goods from 16 northeastern industrial states to 10 southeastern agricultural states.

The study shows that actual carlot shipments of industrial and manufactured goods from 16 northeastern industrial states to 10 southeastern agricultural states increased by 38.8 percent in the first year after the nation's recovery program got under way. The statistical information on which the study was based was taken from waybills of four important railroad systems in the Southeast - the Southern Railway System, the Louisville and Nashville Railroad, the Central of Georgia Railroad, and the Illinois Central Railroad.

According to the study, shipments of industrial commodities, exclusive of coal, from the northeastern industrial states to the southeastern agricultural states over these four railroads, totaled 2,104,585,201 pounds in the period from July 1, 1932, through June 30, 1933, before the agricultural adjustment program was inaugurated. In the next year, from July 1, 1933 through June 30, 1934, a period when the results of the agricultural adjustment program and other recovery measures were beginning to be felt, shipments of northeastern industrial and manufactured goods to the southeast over these same railroads totaled 2,920,887,439 pounds, an increase of 38.8 percent over shipments during the previous year. These goods were shipped in carload lots and represent more than 95 percent of the total shipments by weight.

The 16 states from which these industrial and manufactured commodities were shipped were Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey, Delaware, Maryland, Ohio, Michigan, Indiana, Illinois, and Wisconsin.

The 10 states in which the commodities were delivered were Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Mississippi, Alabama, Georgia and Florida.

While shipments of industrial and manufactured goods increased 38.8 percent, the study shows that during the same periods cash farm income of farmers in the southeastern states increased 59.9 percent. From July 1932 through June 1933, before the agricultural adjustment program became operative, the cash farm income from crops in the 10 southeastern states was $451,637,000. The year following, from July 1933 through June 1934, when the adjustment program and other recovery measures were launched, the cash farm income from crops plus benefit payments to farmers in those states totaled $722,017,000 - an increase of 59.9 percent.

In these 10 southeastern states the Agricultural Adjustment Administration had adjustment programs in effect for cotton and tobacco.

Benefit payments to producers cooperating in those programs were derived from the processing taxes. The processing taxes, in financing the benefit payments to farmers cooperating in production adjustment programs, provide a means of associating the interests of the individual farmer with the interests of the whole group of producers of a basic commodity for the purpose of increasing farm income. By encouraging adjustments that raise farm purchasing power, the processing taxes promote the general welfare.

Mr. Davis said the study shows that the increased shipments of industrial commodities from the northeast to the agricultural southeast "are direct evidence that the additional dollars which the agricultural program has brought to farmers and farming regions do find their way back to the industrial centers. Increased farm purchasing power has increased the farmers' demand for industrial goods. This in turn has speeded the wheels of industry, increased employment and payrolls, and improved the market of Northeastern farmers who produce milk, poultry products, fruits and vegetables for local consumption.

"Previous to the launching of the general recovery program by the Government in 1933, business activity in the United States had been declining for nearly four years. Farmers could buy less and less from city dwellers, and city dwellers had less and less money with which to buy from farmers. The recovery program represents an attempt to reverse this process. By providing the mechanism through which farmers may increase their own incomes, the Governement seeks to help increaseindustrial activity. At the same time, by increasing the purchasing power of industrial workers, the Government seeks to increase the demand for farm products."

Mr. Davis pointed out that"farmers and city dwellers are interdependent. When one group is prostrate, the other also suffers; when one group is prosperous, the other shares in the gain.

"The real loss caused by the depression," he said, "is measured by the low level of business activity. Anything which increases business activity actually increases the production of wealth. That the agricultural adjustment program has made an important contribution toward increasing business activity, and thus production of wealth, is amply demonstrated by the facts.

"This is a long step away from the economics of industrial scarcity as practiced in 1931 and 1932, and toward the balanced abundance which is the aim of the entire recovery program."